CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

January 16, 2008

S. 2142
Veterans Emergency Care Fairness Act of 2007

As ordered reported by the Senate Committee on Veterans' Affairs
on November 14, 2007

SUMMARY

S. 2142 would require the Department of Veterans Affairs (VA) to pay for the emergency care certain veterans receive at non-VA medical facilities, or to reimburse veterans if they have paid for that care. CBO estimates that implementing S. 2142 would cost $20 million in 2008 and an additional $323 million over the 2009-2013 period, assuming appropriation of the estimated amounts. Enacting the bill would not affect direct spending or revenues.

S. 2142 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2142 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					
	2008	2009	2010	2011	2012	2013
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	22	52	58	65	73	82
Estimated Outlays	20	49	57	64	72	81

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted around the middle of fiscal year 2008, that the estimated amounts will be appropriated each year, and that outlays will follow historical spending patterns for the VA medical services program.

Under two different sections of law, VA currently has the authority to reimburse certain veterans or to pay for emergency care provided at non-VA facilities. S. 2142 would amend and enhance those authorities. Based on information from VA, CBO estimates that by requiring VA to pay for longer (on average) lengths of stay in private medical facilities, the bill would cost $20 million in 2008 and another $323 million over the 2009-2013 period, assuming appropriation of the estimated amounts.

Reimbursements Under Current Law

Under 38 U.S.C. 1725, VA may reimburse veterans or pay for emergency treatment of a nonservice-connected condition, if VA is the payer of last resort. Under this section of law, emergency treatment is defined as care or services provided for a medical emergency where a prudent layperson could reasonably expect that a delay in seeking medical attention would be hazardous to life or health. According to VA data on payments made under 38 U.S.C. 1725, VA paid a total of $123 million in 2006—$103 million for inpatient treatment provided to about 18,200 veterans ($1,200 per day, for an average length of stay of 4.7 days) and $20 million for ancillary care.

Under 38 U.S.C. 1728, VA may reimburse certain veterans with service-connected conditions or those who are covered for purposes of a vocational rehabilitation program if medical professionals determine that a medical emergency exists. Data from VA on payments made under 38 U.S.C. 1728 indicate that in 2006 VA paid $83 million for treatment provided to 7,800 veterans ($1,900 per day, for an average length of stay of 5.6 days).

Under both sections of current law, VA can make payments only until the veteran's condition has stabilized and he or she can be transferred safely to a VA or other federal facility, regardless of whether any such facility is actually available to accept such a transfer.

Additional Reimbursements Under S. 2142

S. 2142 would amend those authorities by establishing the prudent layperson definition of emergency treatment for both sections of law and requiring VA to pay for treatment until the

veteran is transferred to a VA or other federal facility, or the veteran is otherwise discharged from the hospital. Under the bill, some veterans who incur medical costs after they are deemed to be stable but before they are transferred to a VA or other federal facility would now be eligible for additional payments from VA.

Data from the 2005 National Hospital Discharge Survey indicate that male patients over age 45 who were admitted through the emergency department stayed in the hospital for an average of 5.4 days. CBO estimates that under the bill, the average length of stay for which veterans would be reimbursed would rise from 4.7 days to 5.4 days, and VA's costs under 38 U.S.C. 1725 would increase by $10 million in 2008 and by an average of $30 million a year over the 2009-2013 period, assuming appropriation of the estimated amounts. (Costs rise sharply starting in 2009, because CBO assumes the bill would be enacted in mid-2008.)

Based on information from VA, CBO estimates that under S. 2142, veterans who are eligible for reimbursement under 38 U.S.C. 1728—primarily veterans with service-connected disabilities—would be reimbursed for hospital stays averaging 6.6 days. CBO also expects that by establishing a prudent layperson definition of medical emergencies, the bill would increase the number of eligible veterans by 5 percent each year. Thus, CBO estimates that under the bill, costs under 38 U.S.C. 1728 would rise by $10 million in 2008 and by an average of $35 million a year over the 2009-2013 period, assuming appropriation of the estimated amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2142 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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